

THIRD SESSION
THIRTY-FIRST LEGISLATURE

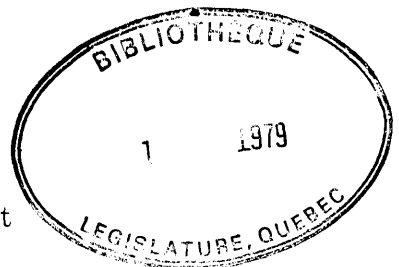
ASSEMBLÉE NATIONALE DU QUÉBEC

Bill 124

**An Act respecting the acquisition of shares of certain
hypothecary loan companies**

First reading
Second reading
Third reading

MADAME LISE PAYETTE
Ministre des consommateurs, coopératives et
institutions financières



L'ÉDITEUR OFFICIEL DU QUÉBEC

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EXPLANATORY NOTES

The object of this bill is to make the acquisition of shares of certain hypothecary loan companies subject to the authorization of the Ministre des consommateurs, coopératives et institutions financières, to the extent provided in the bill.

This bill provides for similar authorization where such companies intend to assign hypothecary claims outside the normal course of their operations.

This bill affects the operations contemplated in it from 6 December 1978.

Bill 124

An Act respecting the acquisition of shares of certain
hypothecary loan companies

HER MAJESTY, with the advice and consent of the Assemblée nationale du Québec, enacts as follows:

1. In this act,

(a) “share” means an outstanding voting share, whether the right to vote is absolute or contingent;

(b) “major shareholder” means a person

(i) holding twenty per cent or more of the shares of a company;

(ii) holding shares of a company which, added to the shares held by a person related to that person within the meaning of section 49 of the Act respecting insurance (1974, chapter 70), amount to twenty per cent or more of the shares of that company; or

(iii) designated by the Minister as a major shareholder of a company in accordance with section 2;

(c) “Minister” means the Ministre des consommateurs, coopératives et institutions financières;

(d) “company” means a corporation incorporated under an act of Québec to make loans secured by hypothec or hypothecary claim, with or without complementary objects, whose assets, according to its latest yearly balance-sheet, are in excess of \$100 millions.

2. The Minister may designate a person as a major shareholder of a company if he is of the opinion that that person, although the holder of less than twenty per cent of the shares of the company, exercises, alone or with others, a considerable degree of control over the activities of the company.

The Minister may revoke such a designation at any time.

Upon so designating a shareholder or revoking such a designation, the Minister shall notify the company and the designated shareholder.

3. Before acquiring a share in a company by way of allotment or transfer, a major shareholder in the company must obtain the authorization of the Minister.

The same requirement obtains for any person who would become a major shareholder of a company as a result of that acquisition.

4. The major shareholder described in section 3 or the person described there must, to obtain that authorization, notify the Minister of how many shares he intends to acquire and how many shares he will hold in all after acquiring them.

5. The acquisition of a share in contravention of section 3 is null and void.

6. No company may amalgamate with any corporation or assign, on pain of nullity, outside the normal course of its operations, its claims secured by real estate without the prior authorization of the Minister.

7. This act prevails over every inconsistent provision of a general law or special act.

8. The Ministre des consommateurs, coopératives et institutions financières is responsible for the application of this act.

9. This act has effect from 6 December 1978.

10. This act comes into force on the day of its sanction.